

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1492 - SB 1503

January 17, 2018

SUMMARY OF BILL: Authorizes the City of Farragut to levy a hotel occupancy tax, not to exceed four percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of its governing body.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue - \$550,300/Permissive

Assumptions:

- According to the Department of Health, there are nine hotels in the City of Farragut, with a total of 698 rooms.
- According to the Nashville Convention and Visitors Bureau, the 2016 hotel occupancy rate in Davidson County was 75.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2016 was 65.4 percent, and is estimated to have been 65.6 percent in 2017. The national hotel occupancy rate is estimated to be 65.5 percent in 2018.
- Estimate assumes the occupancy rate in the City of Farragut is 60.0 percent.
- There will be approximately 152,862 nightly rentals each year in Farragut (698 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate in Farragut is estimated to be \$90 per night.
- The City of Farragut will impose a four percent hotel occupancy tax upon passage of this legislation.
- The permissive recurring increase in local government revenue is estimated to be \$550,303 (152,862 nightly rentals x \$90 per night x 4.0% occupancy tax rate).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

/jdb